

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1007-05
Bill No.: SCS for HB 501
Subject: Bonds—General Obligation & Revenue; Environmental Protection; Water Resources & Water Districts; Municipalities; Natural Resources Dept.
Type: Original
Date: April 30, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$0	(\$1,022,815)	(\$3,597,455)
Total Estimated Net Effect on <u>All</u> State Funds	\$0	(\$1,022,815)	(\$3,597,455)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0 to \$250,000	\$0 to \$250,000	\$0 to \$250,000

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of Administration (OA)** assume this proposal would authorize \$47.5 million in bonds for water pollution control. They indicated that the bond issue date would depend on the use of available bond proceeds from bonds previously authorized and not yet issued. OA officials assume a multi-year bond sale with \$10 million issued in FY 03, and \$30 million issued in FY 04. Officials assume 25 year maturity, 7% interest rate, and level debt service. OA assumes that the full authorized amounts would not need to be issued immediately. Based on these factors, annual debt service would approximate: \$0 in FY 2002; \$858,105 in FY 2003; and \$3,432,421 in FY 2004. **Oversight** notes that annual debt service will be higher in subsequent years if the remaining authorized amount is issued.

Officials with OA place one-time costs per issue at approximately \$150,000 in fees, plus personal services of existing staff. Officials estimate personal service costs at \$38,614 in FY 2003, and \$39,580 in FY 2004. **Oversight** assumes that the one-time personal service costs would be performed by existing staff, with no increased costs to OA for these services.

OA officials also indicate the proposal will require .25 Executive Assistant to initiate general revenue transfers to the appropriate debt service funds, reconcile all paying agent transactions for principal and interest, and monitor all fees due the paying agent. Total costs for this position including fringe benefits, equipment, agent fees, and expense would be \$12,710 in FY 2003 and \$13,034 in FY 2004. Paying agent fees are expected to approximate \$2,000 annually.

Officials with the **Department of Transportation (MoDOT)** indicate the proposal will result in reduced delay for the development of projects through the approval by the Department of Natural Resources of nationwide permits certified by the Corp of Engineers. MoDOT assumes this will result in a cost savings, but cannot estimate the amount. **Oversight** has not included any savings to the Department in the fiscal impact.

Officials with the **Little Blue Valley Sewer District** assume the proposal will result in a savings from eliminated election costs estimated at between \$140,000 and \$250,000. Election costs are high, officials note, because the district serves two counties, with portions of some, but not all communities and voting precincts. Additionally, the District indicates that easier approval of bond issues will save \$123,000 monthly in construction costs due to delayed progress.

Officials with the **City of Independence** also indicate that the proposal will result in avoided election costs, and estimate the impact at between \$90,000 and \$250,000.

Oversight notes that it is not possible to know in advance how many elections would be avoided by passage of this proposal. We have shown election cost savings as a range from zero to \$250,000 in each fiscal year. Also, it is impossible to know in advance if this proposal would

ASSUMPTION (continued)

result in voter or customer approval of a bond issue, so construction cost savings have not been included in the fiscal impact.

Officials of the **Department of Natural Resources** and the **Department of Economic Development–Public Service Commission, Office of Public Counsel, and Division of Motor Carrier & Railroad Safety** stated this proposal would have no fiscal impact to their departments.

Officials with the **Counties of Cass and Jackson**, and the **Cities of Belton, Raytown, Harrisonville, Blue Springs, and Liberty** did not respond to our fiscal note request. **Oversight** assumes no fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
GENERAL REVENUE FUND			
<u>Costs–OA</u>			
Personal Service (.25 FTE)	\$0	(\$8,567)	(\$8,781)
Fringe Benefits	\$0	(\$2,855)	(\$2,927)
Expense & Equipment	\$0	(\$1,288)	(\$1,326)
Paying Agent Fees	\$0	(\$2,000)	(\$2,000)
Issuance Costs	\$0	(\$150,000)	(\$150,000)
Transfer to Principal & Interest Sinking Fund	\$0	(\$858,105)	(\$3,432,421)
ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>\$0</u>	<u>(\$1,022,815)</u>	<u>(\$3,597,455)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<u>Savings–Certain Sewer Districts</u>			
Bond Election Costs	<u>\$0 to \$250,000</u>	<u>\$0 to \$250,000</u>	<u>\$0 to \$250,000</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This act revises various provisions relating to water and sewer systems.

Water Pollution Bonds: The act amends various provisions of the bonding authority of the Board of Fund Commissioners. Bonds for water pollution control, drinking water system improvements and storm water control may be issued in an amount of \$17.5 million, in addition to sums authorized prior to August 28, 2002. Bonds for rural water and sewer projects may be issued in an amount of \$10 million in addition to sums authorized prior to August 28, 2002. Bonds for storm water control plans, studies and projects in first classification counties and the City of St. Louis may be issued in an amount of \$17 million in addition to sums authorized prior to August 28, 2002. This provision is identical to part of SB 256.

The act allows Jackson County and Cass County to increase their membership of the common sewer district board of trustees from seven to eight and alters the membership of the board. The approval required for issuing bonds by all common sewer district is changed from four-sevenths to a majority of the voters of the sewer district who vote on the question. The act provides another option that allows the common sewer district to issue bonds if approved by the written assent of three-quarters of the customers of the sewer district. Customers are defined as political subdivisions with a service or user agreement with the district or a sub-district. This provision is identical to SB 591.

Contract to Terminate Services: Currently, St. Joseph and Arnold are authorized to contract with private or public water services to terminate a customer's services at the direction of the city for failure to pay. The act expands this provision to any city, town or village in the state.

Private Water Systems: Missouri landowners have the right to own private water systems, unless prohibited by city ordinance, as long as the landowner complies with all regulations of DNR. This provision is similar to a provision in SB 256.

This act requires the Department of Natural Resources to approve the nationwide permits certified by the Corp of Engineers for MHTC projects.

SOURCES OF INFORMATION

Office of Administration
Department of Transportation
Department of Natural Resources
Department of Economic Development
 Public Service Commission
 Office of Public Counsel
 Division of Motor Carrier & Railroad Safety
Little Blue Valley Sewer District
City of Independence

NOT RESPONDING

County of Cass
County of Jackson
City of Belton
City of Raytown
City of Harrisonville
City of Blue Springs
City of Liberty

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director

April 30, 2001